## REMARKS

Claims 1-62 are pending in the application. By this Amendment, claims 1, 24, 46, 51, and 56 are amended. Basis for the amendments is found throughout the specification and specifically at page 21, lines 11-15, and page 22, lines 21-23. No new matter is added by the amendments to the claims.

Applicant respectfully requests reconsideration of this application in view of the following remarks.

A. Rejection under 35 U.S.C. § 112, First Paragraph

The Examiner rejects claims 1-62 as allegedly failing to comply with the enablement requirement. In particular, the Examiner alleges that the claimed recitation "the waterfall identifies a present value of each of the predetermined pricing" does not comply with the enablement requirement because the Examiner was "unable to find support for determining the present value in the specification." Office Action, page 2-3. The Examiner solicits Applicant to point out the relevant pages in the specification where support for determining present value can be found.

Applicant respectfully submits that the foregoing recitation is fully enabled in the specification and directs the Examiner's attention to the following portion of the specification, page 21, lines 11-15 which states:

> The waterfall may be displayed in present value terms. The present value factor used to generate the initial waterfall may be predetermined. In one embodiment, the present value factor may be 7. this may be lowered slightly to represent a 13% discount rate. Once this present value factor is set, it should not be changed from quarter to quarter.

The foregoing passage provides support for the determination of present value. In view of the specification, as a person skilled in the art would readily understand, the "present value" recited in the claims is routinely calculated using the present value formulation after selecting the desired discount rate. In fact, as the Examiner correctly acknowledges, "a present value is the value on a given date of a future payment or series of future payments, discounted to reflect the time value of money". Office Action, page 3.

It is well established that the test for enablement is whether a person reasonably skilled in the art could make or use the invention from the discloses in the patent application coupled with information known in the art without undue experimentation." MPEP § 2164.01. The following factors are relevant to a determination of whether a disclosure satisfies the enablement requirement:

(1) The breadth of the claims;
(2) The nature of the invention;
(3) The state of the prior art;
(4) The level of one of ordinary skill;
(5) The level of predictability;
(6) The amount of direction provided by the inventor;
(7) The existence of working examples;
(8) The quantity of experimentation needed to make or use the invention based on the content of the disclosure.

*In re Wands*, 858 F2d 731, 737, 8 USPQ2d 1400, 1404 (Fed. Cir. 1988). In the present case, the use of the present value formulation is well within the skill of the art. Time value of money calculations are routinely performed in financial analysis and related business applications. The foregoing passage of the specification discloses a specific example of a discount rate to be applied to the present value formulation. As the specification indicates, the present value factor may be predetermined. In the example, a present value factor of about 7, which corresponds to a discount rate of about 13%, or a slightly modified factor is selected. Selecting discount rates for present value formulations is a function that is routinely performed by a person of reasonable skill in the art. Accordingly, no undue experimentation would be required for a person reasonably skilled in the art to practice the claimed invention.

At least in view of the foregoing, Applicant respectfully submits that the claims are enabled. Applicant requests that the Examiner withdraw the rejection under 35 U.S.C. § 112, first paragraph.

B. Rejection under 35 U.S.C. § 112, Second Paragraph

The Office Action rejects claims 1-62 under 35 U.S.C. § 112, second paragraph, as being allegedly indefinite for failing to particularly and distinctly claim the subject matter which Applicant regards as the invention.

The Examiner alleges that the term "tool" in not defined with any specificity. Applicant respectfully submits that the term "tool" does not render the claims indefinite because a person reasonably skilled in the art would readily understand the metes and bounds of the term as recited in the claims upon grasping the concept of the invention as set forth in detail in the specification. However, solely to advance the prosecution of this case, Applicant has amended the claims to substitute the term "tool" with the term "computer system". Accordingly, this basis for rejection is obviated by the amendment.

The Examiner alleges that the terms "others" and "in relation to others" renders the scope of the claim unclear. Applicant respectfully submits that the terms are clear as evidenced by the Examiner's own understanding of the meaning of the term in the Office Action. However, solely to advance the prosecution of the present case, Applicant has amended the claims. Accordingly, this basis for the rejection is obviated by the amendment.

The Examiner alleges that the term "waterfall" is not defined with any specificity . Applicant respectfully traverses. The term "waterfall" is defined within the claims themselves. As recited in claim 1, for example, a "waterfall" is generated by "measuring predetermined pricing metrics using the received data, and graphing the predetermined pricing metrics." Accordingly, the "waterfall" is a graphic depiction of the predetermined pricing metrics. It is well established that applicants are permitted to act as their own lexicographers in drafting claims. MPEP § 2173.01. In the instant case, the term "waterfall" is defined within the claim itself and that definition is not repugnant to the ordinary meaning of the term. In view of the foregoing, the term "waterfall" does not render the claims indefinite. Applicant respectfully requests that the Examiner withdraw this ground of rejection.

The Examiner asserts that the term "the waterfall identifies a present value of each of the predetermined pricing" is unclear because the claims allegedly lack the step of calculating present value. Applicant respectfully submits that the term is clear because the claims first recite that a waterfall is generated by measuring predetermined pricing metrics using the received data, and graphing the predetermined pricing metrics. Then, the claims further recite that the waterfall identifies a present value of the predetermined pricing metrics. Thus, each step for providing the waterfall displaying the present values is set forth in the claims. However, solely to advance the prosecution of this case, Applicant has amended the method claims to separately recite a step for determining the present value of the claims.

Applicant respectfully submits that the claims satisfy the requirements of 35 U.S.C. § 112, second paragraph. Withdrawal of the rejection is requested.

C. Rejection under 35 U.S.C. § 101

Claims 1-62 are rejected under 35 U.S.C. § 101 because the claimed invention is allegedly directed to non-statutory subject matter. Applicant notes that under 35 U.S.C. § 101, any new and useful process, machine, manufacture or composition of matter under the sun that is made by man is the proper subject matter of a patent. Applicant's believe that the claims as originally presented are directed to patentable subject matter. However, Applicant notes that the aforementioned claim amendments adding the recitation to a computer system obviates this basis for rejection. Accordingly, Applicant respectfully requests that the Examiner withdraws the rejection.

D. Rejection under 35 U.S.C. § 103(a)

Claims 1-4, 9-10, 20, 24-27, 32-33, 43, 46, 51 and 56 are rejected under 35 U.S.C. § 103(a) as allegedly unpatentable over Phillips et al., U.S. Patent No. 7,133,848 (Phillips). The Examiner's basis for the rejection is that "it would have been obvious . . . to combine different disclosure (sic) of Phillips." Applicants traverse the rejection and respectfully submit that the Office Action fails to establish a *prima facie* case of obviousness.

A proper obviousness analysis requires that the Examiner consider the factors set out by the U.S. Supreme Court in *Graham v. John Deere*, 383 U.S. 1, 17, 148 USPQ 459, 467 (1966). The burden is on the Examiner to establish a *prima facie* case of obviousness by applying the Graham factors as follows: (a) determine the scope and content of the prior art, (b) ascertain the differences between the prior art and the claims at issue; (c) determine the level of ordinary skill in the pertinent art; and (d) evaluate any evidence of secondary consideration." *Id.* Applicant's respectfully submit that the rejection is improper and should be withdrawn because the Graham factors have not been applied. The Office Action essentially sets forth the claimed features, and references column cites in Phillips. Applicant respectfully submits that such cannot satisfy the requirements of 35 U.S.C. § 103(a). The basis of the rejection is not clear upon a review of Phillips. The burden is on the Examiner to explicitly identify in the reference the disclosures that

would render the invention obvious. The Examiner has not done so. The Examiner does not ascertain the differences between the prior art and the claims at issue

Further, to establish a *prima facie* case of obviousness, three criteria must be met: (1) there must be some suggestion or motivation to modify the reference or to combine reference teachings, (2) there must be a reasonable expectation of success, and (3) the prior art references must teach or suggest all the claim limitations. See MPEP §§ 2143 and 2143.03; citing *In Re Vaeck*, 947 F.2d 488, 493 (Fed. Cir. 1991); *In re Royka*, 490 F.2d 1981 (CCPA 1974). In applying 35 U.S.C. § 103(a), the following tenants of patent law must be adhered to:

(A) The claimed invention must be considered as a whole;

(B) The references must be considered as a whole and must suggest the desireability and thus the obviousness of making the combination;

(C) The references must be viewed without the benefit of impermissible hindsight vision afforded by the claimed invention; and

(D) Reasonable expectation of success is the standard with which obviousness is determined. MPEP § 2141 (citing Hodosh v. Block Drug Co., Inc., 786 F.2d 1136, 1143 n.5, 229 USPQ 182,187 n.5 (Fed. Cir. 1986)). The criteria for establishing a *prima facie* case of obviousness are not established here. Phillips fails to disclosure or suggest each element of the claims. It is unclear from the rejection how the reference would be modified to meet the elements of the claims.

Claim 1 recites "predetermined pricing metrics" and particular manipulation of such predetermined pricing metrics. The Examiner states that Phillips discloses a method for analyzing a financial services pricing process, comprising the steps of: **measuring predetermined pricing metrics, and graphing the predetermined pricing metrics.**

The Office Action fails to set forth, nor is it apparent based on Applicant's review, what teaching of Phillips allegedly constitutes the "predetermined pricing metrics" and the manner in which Phillips allegedly teaches the claimed manipulation of such predetermined pricing metrics. For example, Applicant notes Phillips in column 3, lines 1-20, wherein Phillips speaks to utilization of historical data. Applicant further notes Phillips in column 3, line 58 - column 4, line 5. Therein, Phillips sets forth:

> The transaction data in the transaction database 120 generally includes information that specifies the details of each transaction, such as the date of the transaction, the transacted product, the price for the transacted products, the

> parties involved in the transaction, etc. Each transaction has several attributes specifying its different features, and by exploiting the similarities within the attributes, the transactions can be grouped by market segments. Furthermore, different market segments may be grouped into mutually exclusive and collectively exhaustive sets called channel segments (CS). Within this disclosure, channel segments are defined to be aggregations of transactions along market segment dimensions. For example, geographic area, size of sales, method of delivery, buyers' characteristics, etc. may be used to define channel segments. The channel segments are specified by the user through the input device 10, and the channel segments must combine to form a mutually exclusive, exhaustive set on the universe of all sales transactions (the "market"). ...

However, such teachings of Phillips cannot fairly be interpreted to disclose the particulars of claim 1, including: measuring predetermined pricing metrics using the received data, and graphing the predetermined pricing metrics; wherein the waterfall **identifies the present value of each of the predetermined pricing metrics in relation to others of the predetermined pricing metrics.**

Applicant requests clarification or withdrawal of the rejection of claim 1 under 35 U.S.C. 103(a). Further, Applicant submits that claims 24, 46, 51 and 56 are allowable for reasons similar to those set forth above regarding claim 1.

With respect to claims 5-8, 11-19, 21-23, 28-31, 34-42, 44-45, 47-50, 52-55 and 57-62 which are rejected as allegedly obvious over Phillips in view of Office Notice, it is noted that the Office Notice does not overcome the deficiencies of the primary reference as indicated above.

Clarification or withdrawal of the rejection of all claims under 35 U.S.C. 103(a) is requested.

E. Conclusion

For at least foregoing reasons, Applicant respectfully asserts that the application is in condition for allowance. Favorable reconsideration and allowance of the claims are respectfully solicited.

Should the Examiner believe anything further is desirable in order to place the application in even better condition for allowance, the Examiner is invited to contact Applicant's undersigned representative at the telephone number listed below.

For any fees due in connection with filing this Response the Commissioner is hereby authorized to charge the undersigned's Deposit Account No. 50-0206.

Attorney Docket No. 52493.000163

**Application. No. 10/028,284**

Respectfully submitted,

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